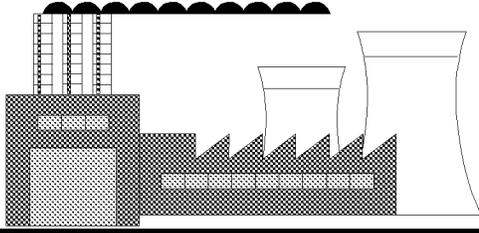


# PROPERTY TAX NEWS



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## BILLS PREFILED FOR 2001 WOULD ELIMINATE OVER \$100 MILLION IN STATE PROPERTY TAXES

Property tax issues remain high on the legislative agenda as the historic first annual session of the General Assembly opens January 2, 2001. Three of the first fifteen bills pre-filed for this session are directly concerned with property taxes.

BR 30, sponsored by Representative Greg Stumbo of Prestonsburg, was filed on November 27, 2000. This bill would create a new section of KRS Chapter 132 to phase out the state property tax on motor vehicles. The state rate of 45¢ per \$100 would be reduced to 30¢ per \$100 for the 2002 property tax year, to 15¢ per \$100 for the 2003 property tax year, and there would be no state rate for motor vehicles beginning in 2004.

BR 46, sponsored by Senator Bob Jackson of Murray, Senator Marshall Long of Shelbyville, and Senator Joey Pendleton of Hopkinsville, was filed on November 15, 2000. This bill would also create a new section of KRS Chapter 132 to eliminate the state ad valorem tax on motor vehicles, but unlike BR 30, there would be no phase-out period. The state motor vehicle property tax rate would simply be eliminated beginning with the January 1, 2002 assessment date. BR 46 would also establish a \$3 per vehicle administrative fee for maintenance of the centralized ad valorem tax system, as well as to compensate the county clerks for the loss of commissions on state property taxes collected on motor vehicles.

BR 41, sponsored by Representative Paul Marcotte of Union, was filed on November 21, 2000. This bill would essentially repeal the remaining

intangible personal property tax, including the taxes on money in hand, deposits in financial institutions, notes, bonds, accounts receivable, patents, trademarks, copyrights, licensing or royalty agreements, and tobacco base allotments. BR 41 would clarify that the repeal does not apply to public service property taxes assessed on "franchise value" under KRS Chapter 136, and would allow cities and counties to continue to levy property tax rates on the capital of domestic life insurance companies. This bill would be effective beginning with the January 1, 2002, assessment date.

Under the amendment to the Constitution of Kentucky approved by voters last November 7, a 3/5 majority in both houses is required to pass any bill "raising revenue or appropriating funds", meaning that such a bill would need 60 of 100 votes in the house and 23 of 38 votes in the Senate. However, bills which would exempt items of property from taxation would apparently not fall under the "raising revenues" clause of the Constitution.

Eliminating the state rate on motor vehicles would cost the general fund approximately \$80 million per year. A repeal of the intangible personal property tax would have an annual revenue impact of nearly \$25 million. Due to the centralized personal property tax systems with connections to other programs, compliance for both of these taxes is considered to be very good.

## 2001 - 2002 HOMESTEAD EXEMPTION SET AT \$26,800

The maximum Homestead Exemption (HEX) on real estate owned by qualified persons has been increased to \$26,800 for the 2001 and 2002 tax periods. The amount of the Homestead Exemption is adjusted every two years in accordance with KRS 132.810 to compensate for changes in the purchasing power of the dollar. The 2001 - 2002 exemption represents a \$1,400 increase over the 1999 - 2000 exemption of \$25,400. The Homestead Exemption will provide property tax savings of approximately \$90 million to over 325,000 elderly or disabled Kentuckians during the 2000 tax year.

To qualify for the Homestead Exemption, a person must be at least 65 years old during the tax period or have been classified as totally disabled by any public or private retirement system. Prior to the enactment of Constitutional Amendment #2 in November of 1998, only taxpayers disabled under Social Security or the Railroad Retirement system were eligible for the disability exemption. The property must also be owned, occupied, and maintained by the taxpayer as a personal residence on the January 1 assessment date. If the disabled person is less than 65 years of age, an application must be made on an annual basis in order to verify that the disability classification will be maintained through December 31.



(continued on next page)

**2001 LEGISLATIVE SESSION**

(Continued from page 1)

If the 2000 Session of the General Assembly, with 85 bills affecting property tax, was any indication, the first odd-year session promises to hold the interest of assessment personnel. The next issue of Property Tax News will provide a summary of legislative activity leading up to the conclusion of the regular session on March 9, including the final veto session on March 23.



**NEW PVA IN BOONE COUNTY**

Boone County has a new PVA as a result of the November election. Republican Ron Burch defeated Paula Goff in the special election held November 7, 2000. Goff was appointed in January to fill the vacancy created by the resignation of David Turner.

Newly appointed PVAs Wayne Turner (Bourbon County) and John Steele (Pendleton County) were unopposed in the November election.



**ROBERTS LEAVES WESTERN FIELD BRANCH**

Agnes Roberts, Manager of the Western Field Branch, has left the Department of Property Valuation to accept a position as Director of Receipts and Data Services within the Revenue Cabinet. Roberts began her new job duties December 1.



**Happy Holidays from the staff of the Department of Property Valuation!**



**STRANEY INSTALLED AS PRESIDENT OF KY CHAPTER OF IAAO**

Mark Straney was installed as president of the Kentucky Chapter of IAAO during the annual meeting held October 24, 2000. During the elections held in September, Chuck Adkins, Boyd County PVA, was elected Vice-President, Patti Royster was elected to her first term as Secretary and Debbie Boyd was re-elected Treasurer.

One incumbent Executive Committee member, Vince Lang, was re-elected and will continue to serve in the 2000-2001 term. Ann Riley, Marshall County PVA; Lisa Owen, Hardin County Deputy; and Susan Bailey of the Department of Property Valuation will also serve on the Executive Committee. Riley is also a member of the Education Committee, Owen has previously served as a member of the Membership Committee, and Bailey has previously served four terms as Chapter Secretary.

During the Chapter meeting Ann Riley was also presented with the Member of the Year award.

On October 23, approximately 30 IAAO Chapter Members visited Cardinal Hill Rehabilitation Hospital to spread "A Pumpkin Full of Cheer" to patients. For four and a half hours participants helped paint and decorate pumpkins.

The Kentucky Chapter won national honors at the IAAO Conference in September. The Chapter was presented with the Outstanding Chapter Award for a small jurisdiction. The Hardin County PVA office also won an award for their successful public information program.

**MARK YOUR CALENDARS**

Conference dates for the Year 2001 have been set:

The "Integrating GIS and CAMA" Conference, sponsored jointly by IAAO and URISA (Urban and Regional Information Systems Association), will be held April 1 - 4 at the Wyndham Inner Harbor Hotel in Baltimore, Maryland.

The Kentucky GIS Conference will be held May 21 - 24 at the Radisson Plaza Hotel in Lexington.

The PVA Summer Conference has been scheduled for the week of July 16 at the Executive Inn in Owensboro.

The International Association of Assessing Officers (IAAO) Annual Conference has been scheduled for September 9 - 12 at the Fontainebleau Hilton in Miami Beach, Florida.

The annual Conference on Assessment Administration will be held November 5 - 9 at the Drawbridge Inn in Ft. Mitchell. Due to the fact that another large conference is scheduled for the same week, **please call the Drawbridge at (859) 341-2800 to make reservations as soon as possible.** Although we have blocked adequate space for everyone, the hotel cannot guarantee rooms after August. Plan to make your reservation now! Reservations can always be cancelled at a later date. It is better to be safe than sorry. If you have any questions, please feel free to call Stacey Ewalt at (502) 564-8340.

Mark your calendars now to attend these events. Specific information regarding conference activities will be released as it becomes available.

**EDUCATION UPDATE**

The 2001 schedule was distributed at the beginning of December. Classes will fill up fast, so **remember to register early!** Registration is on a first-come, first-serve basis and students are not considered enrolled until payment is received. Since conference is scheduled for the first week in November, **THERE ARE NO CLASSES SCHEDULED NEXT YEAR AFTER CONFERENCE.** Remember that hours under House Bill 538 carry over, but they do not carry over for KRS 132.597, so PVAs must still earn hours to obtain the \$300 a month.

Course Revisions

One new course and a new workshop are on the schedule for 2001. Kentucky Course 10, Mass Appraisal of Real Property, covers the basics of mass appraisal and a new workshop will cover PVA budget issues. Precision Data Collection is also being taught next year, as well as Practical Math. Computer software classes (Word, Excel and Access) will be scheduled at a later date. Kentucky 7 is also undergoing revisions and will be divided into two classes. Course 7 will focus on the income and sales comparison approaches to value and Course 7A will focus exclusively on the cost approach.

During a meeting held at the fall conference, the Education Committee approved a new track for the Certified Kentucky Assessor Designation. The mass appraisal track will require successful completion of Kentucky Course 1, Kentucky Course 10 (the new mass appraisal course), two of the real property appraisal courses (Kentucky 5, 6, 7 or 7A) and IAAO 101 and 300. The Personal Property Assessment Track has also been changed to require IAAO 101 and 500, Kentucky 1, Kentucky 2 and two elective Kentucky Courses or the IAAO Personal Property Auditing Workshops (Basic and Advanced).

Schedule Revision

The Education Committee also approved a return to the original Kentucky Course schedule for 2001 classes. The classes will begin at 8:30 on Tuesday with the examination given on Thursday afternoon. The new schedule is as follows:

	Class Begins	Class Ends
Tues.	8:30	4:15
Wed.	8:30	4:15
Thurs	8:30	1:00 Exam



**FROM THE COMMISSIONER'S DESK**

Over 100 million Americans voted in the presidential race on November 7. Our country waited for the declared winner for five weeks. We witnessed recounts, actions by Florida's Secretary of State, and decisions by several Florida Circuit Courts, the Florida Supreme Court, and the U.S. Supreme Court. A conclusion was reached when the U.S. Supreme Court, by a 5-4 vote, rejected the Florida Supreme Court's order for a manual recount. Had any one of Justices O'Conner, Thomas, Kennedy, Scalia or Chief Justice Rehnquist voted differently, the presidential outcome may have changed. That decision may prove to be one of the most important votes in our democracy.

Many citizens in the months to follow will question the integrity of our judicial system. They will say that the presidency was decided by the vote taken in a private judges' chambers instead of at the public voting booth. Although in the short term I think there will be erosion of confidence in our system of justice, in the long term I believe the American people will remember the pact we have made to respect the courts in our form of governance.

The United States has been wounded by this presidential election. However, our system of democracy and the character of the American people will help heal these wounds. Changes will occur after this

election which will make our nation even stronger.

Since all forms of the media have been dominated these past days by the news of the presidential race, it is difficult to convey one truly original idea. I did observe something from my many conversations that I have not heard expressed. The majority of citizens I talked with these past weeks proclaimed a desire that the race be concluded and even wished Vice President Gore would resign for "the good of the country." However, without exception, every elected official I spoke with empathized with the candidates and agreed that a candidate cannot resign until he or she had exhausted every legal remedy to acquire a just and final result. These elected officials understand the hard work that goes into a campaign, the ideals of a platform and the dedicated efforts given by their supporters. It would almost be un-American to concede before every effort was made to see that the last vote could be counted.

For those PVAs and their deputies who plan on running for re-election in 2002, it is my sincere hope that you all will win by overwhelming majorities. For you and all the Department employees I hope you had a wonderful and blessed Christmas holiday and pray that 2001 will be the best year of your lives.

Vince

*Property Tax News* is a quarterly publication of the Revenue Cabinet's Department of Property Valuation dedicated to increasing communication among professionals involved in the field of assessment administration in Kentucky.

Comments and suggestions for future articles should be addressed to Cindy Meholovitch, Editor, 200 Fair Oaks Lane, Frankfort, KY 40620, (502) 564-8340.

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**TRIM UPDATE**

The newest county to join the list of Property Valuation Administrator's offices throughout the state who are using the TRIM system is Henderson County. Henderson County officially came on board December 13 when a seven computer TRIM network was set up in their office and the tax roll data, which was converted from the system that the office previously used, was installed. This addition now brings the total number of TRIM counties to 96. The TRIM staff welcomes this new office to the TRIM team and looks forward to assisting them in whatever ways possible in utilizing the system to its fullest.

With the ever-increasing workload placed on the TRIM Branch, steps were recently taken to help relieve this situation when a new member was added to the staff. Melissa Mohr began work with the TRIM Branch on September 16 with the unique distinction of being the first female member of the staff in its thirteen-year history. Many PVAs, deputies and other department personnel had the opportunity to meet Melissa when she was introduced at the recent Fall Conference on Assessment Administration in Lexington.

Prior to joining the TRIM Branch, Melissa worked as a supervisor in the Revenue Cabinet's network services, having attained that position in April 1999. She has been in state government for a little over 12 years, having worked in the Finance Cabinet, Department of Corrections, and the Department of Military Affairs before her employment in the Revenue Cabinet.

Melissa brings a great deal of valuable expertise in working with personal computers to the TRIM staff. During her stint with the Finance Cabinet she spent one year as a COBOL programmer with the Department of Information Systems. Her years with Corrections and Military Affairs were spent as a network analyst and information systems supervisor. Melissa is especially well versed in the Windows NT operating system to which many TRIM counties are migrating and

which will be the format under which TRIM's replacement will eventually be designed.

All of her past experience in computer related areas and her knowledge in the field of information technology should prove to be a great asset as a member of the TRIM team. We welcome Melissa on board and know that she will be an integral part of the staff's continued efforts to serve PVA and Sheriff's offices throughout the state.



**NOTES FROM PVA ADMINISTRATIVE SUPPORT**

During the Fall Conference, the PVA Administrative Support Branch shared several helpful and informative personnel and payroll issues during the Roundtable discussions. We would like to share the key points with those who were unable to visit our table that day.

The House Bill 538 Education Incentive will be processed on the December 16<sup>th</sup> - 31<sup>st</sup> pay period (minus FICA and retirement withholdings) and will be received on a separate check on January 15<sup>th</sup>.

**Social Security:** when requesting a name change, the social security office must be notified first and a copy of the new social security card must be submitted with a Request for Personnel Action (RPA).

**Requests for Personnel Action:** must be received within three working days of termination or any type of departure from the office (including seasonal employees whose terms end.)

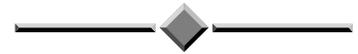
**Timesheets:** Please indicate your county name and show the hours worked (i.e., Hrs Worked) for part-time employees on timesheets for each reporting.

**Reclassification:** effective January 1, 2001, employees must acquire an additional 24 months experience and 30 hours of additional course work before they can be reclassified.

Offices who would like training on the PTL (timesheet) system, please contact the PVA Administrative Support Branch.

The branch will be updating the PVA Fiscal and Personnel Manual in January. If there are any areas you feel need special attention, please call the Branch at (502) 564-5620.

The PVA Administrative Support Branch would like to take this opportunity to thank you for your cooperation, time and patience. Have a Merry Christmas and a Happy New Year.



**HOLIDAYS FOR 2001**

The following days have been designated holidays for 2001 by the Governor's Office.

- Monday January 15 in observance of Martin Luther King, Jr. Birthday.
- Friday afternoon, April 13, in observance of Good Friday.
- Monday, May 28, in observance of Memorial Day.
- Wednesday, July 4, in observance of Independence Day.
- Monday September 3, in observance of Labor Day.
- Monday November 12, in observance of Veterans Day.
- Thursday, November 22 and Friday November 23, in observance of Thanksgiving.
- Monday, December 24 and Tuesday, December 25 in observance of Christmas.
- Monday, December 31 and Tuesday, January 1, 2001 in observance of New Years.

